

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison
Company (U 338-E) To Establish Marginal Costs,
Allocate Revenues, And Design Rates.

Application 05-05-023
(Filed May 20, 2005)

SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER

Pursuant to Article 2.5 of the Commission's Rules of Practice and Procedure (Rules), this Scoping Memo and Ruling addresses issues, schedule, and other matters necessary to scope this proceeding. The Commission's Rules are available on the Commission's website.¹

I. Background

On December 21, 2004, Southern California Edison Company (Edison) filed its formal application² for a 2006 test year general rate case (GRC). The GRC included Phase 1 to address revenue requirement issues, and Phase 2 to address rate design issues. On March 15, 2005, an Assigned Commissioner's Ruling and Scoping Memo ruled that Edison should file a separate application for Phase 2 issues regarding rate design. In a separate ruling, the assigned Administrative Law Judge (ALJ) ruled that Edison could defer its Phase 2 application until May 20, 2005.

¹ See, Commission's Web page (<http://www.cpuc.ca.gov/>), "Laws, Rules, Procedures."

² See, Application (A.) 04-12-014.

On May 20, 2005, Edison filed its Phase 2 application. On June 27, 2005, protests were filed by the Office of Ratepayer Advocates (ORA) and the Alliance for Retail Energy Markets.

On July 20, 2005, a prehearing conference (PHC) was held to determine parties, create a service list, develop a schedule, and address other matters as necessary to proceed with this application.

II. Categorization and Ex Parte Communication

Edison proposed that this proceeding be categorized as ratesetting, and the Commission preliminarily categorized this proceeding as ratesetting in Resolution ALJ 176-3154, dated June 16, 2005.

The categorization of this proceeding is determined herein to be ratesetting. This is the Assigned Commissioner's Ruling on category, and appeals, if any, must be filed and served within 10 days. (Rule 6.4.) In a ratesetting proceeding, *ex parte* communications are permitted only if consistent with certain restrictions, and are subject to reporting requirements. (See, Rules 7(c) and 7.1, and Pub. Util. Code § 1701.3(c).)

III. Hearings

Edison proposed that this proceeding include formal hearings; and the Commission preliminarily determined that this matter would require hearings in Resolution ALJ 176-3154.

This Scoping Memo adopts a schedule that includes formal hearings. (Rules 6(a)(3), and 6.1(a).)

IV. Scope of Proceeding

The purpose of this proceeding is to establish just and reasonable rates on a total utility, revenue neutral basis using the revenue requirement determined in A.04-12-014.

The three general subjects of this application are marginal costs, revenue allocation, and rate design. Although additional issues may develop through discovery or as the case proceeds, the following specific issues within the three general subject areas comprise the scope of the proceeding:

A. Marginal Costs

1. How should the marginal generation, distribution, and customer costs for each rate group be determined?
2. What are the delivery-related marginal costs for allocation of design demand costs at different voltage levels to the rate groups?

B. Revenue Allocation

1. How should Equal Percent of Marginal Cost (EPMC) factors be developed?
2. How should distribution and generation costs be allocated using EPMC or some other methodology?
3. What should be the total revenue allocated to any one rate group, including any cap or maximum increase?

C. Rate Design

1. Residential rate design including:
 - a. What is the appropriate rate design for California Alternative Rates for Energy (CARE) rates?
 - b. How should rate design be applied to non-CARE and medical baseline rate tiers?
2. Non-residential rate design including:
 - a. Lighting, small and medium power and traffic control rates;
 - b. Large power customer rates;
 - c. Agricultural and pumping rates;
 - d. Stand-by rates.

3. How should rates for interruptible customers be determined?
4. What rate design is reasonable for any rate schedules not included in the rate groups indicated above?
5. Tariff change proposals.

V. Schedule

During the PHC, parties agreed to a proposed schedule.³ The proposed schedule recognizes Edison's estimate for updating its exhibits, current time commitments for ORA staff in other proceedings, and time conflicts of parties.

Two events, not discussed during the PHC, have been added to the proposed schedule. First, parties are expected to meet and discuss possible issues for settlement in settlement negotiations. This settlement meeting is scheduled for November 14, 2005, and shall be initiated by Edison. Commission meeting rooms are available for settlement negotiations. Second, each party shall provide a Statement of Contested Facts to be resolved at the evidentiary hearings, if such hearings are required. These statements shall be filed and served by January 27, 2006. The Statements shall include a list and a description of each disputed issue.

³ Edison's Application and ORA's Protest both include proposed schedules for the proceeding.

The following proposed schedule will be adopted:

PROPOSED SCHEDULE

EVENT	DATE
Application Filed	May 20, 2005
Prehearing Conference ⁴	July 20, 2005
Edison Updates Exhibits	September 6, 2005
Settlement Negotiations	November 14, 2005
ORA Testimony	December 16, 2005
Intervenors' Testimony	January 20, 2006
Statement of Contested Facts	January 27, 2006
All Parties' Rebuttal Testimony	February 7, 2006
Evidentiary Hearings (if required)	February 21—March 3, 2006
Opening Briefs	March 17, 2006
Reply Briefs (Proposed Submission Date)	March 27, 2006
Principal Hearing Officer's Proposed Decision (PD)	July 12, 2006
Initial Comments on PD	August 1, 2006
Reply Comments	August 7, 2006
Final Commission Decision	August 2006
Phase 2 Rates Implemented	October 1, 2006

Parties may move for different dates as appropriate. The adopted dates in the Proposed Schedule may also change as a result of ALJ ruling.

⁴ A second PHC may be scheduled, if necessary.

Consistent with law, the issues raised in this Scoping Memo shall be resolved within 18 months of the date of this Scoping Memo. (Pub. Util. Code § 1701.5(a).) However, it is our intention to resolve this proceeding within 12 months of the date of this scoping memo.

VI. Briefs

To the fullest extent reasonably possible, parties should use the same outline for briefs. This practice promotes understandability, consistency, and completeness. Parties shall agree on a common outline for briefs before the conclusion of hearings, and shall bring any unresolved disputes to the attention of the Principal Hearing Officer before the end of hearings.

VII. Final Oral Argument

A party in a ratesetting proceeding has the right to make a Final Oral Argument (FOA) before the Commission, if the FOA is requested within the time and manner specified in the Scoping Memo or later ruling. (Rule 8(d).) Parties shall use the following procedure for requesting FOA:

Any party seeking to present FOA shall file and serve a motion no later than the last date comments are due to be filed and served on the proposed decision. The motion shall state the request, the subject(s) to be addressed, the amount of time requested, recommended procedure and order of presentations, and anything else relevant to FOA. The motion shall contain all the information necessary for the Commission to make an informed ruling on the motion, providing for an efficient, fair, equitable, and reasonable FOA. If more than one party plans to move for FOA, parties shall use their best efforts to present a joint motion, including a joint recommendation on procedure, order of presentations, and anything else relevant to the motion. A response to the motion may be filed within five days of the date of the motion.

If a final determination is subsequently made that no hearing is required, Rule 8(d) shall cease to apply, along with a party's right to make an FOA.

VIII. Service List, Service, and Filing

The official service list was created at the PHC, and is now on the Commission's Web page.⁵ Parties are responsible for checking to ensure that the correct information is contained on the service list, and notifying the Commission's Process Office and other parties of corrections or ministerial changes. Substantive changes (e.g., to be added as an appearance) must be made by motion or at hearing.

Electronic service will be used to the fullest extent reasonably possible by parties and the Commission. Parties are not required to serve a paper copy unless a person granted appearance or state service status does not have an electronic mail address listed on the service list, or has specifically requested a paper copy.⁶ All parties shall honor each request for a paper copy of a document by serving a paper copy as soon as reasonably possible. In that regard, in addition to electronic service of documents, each party shall mail one printed copy to ALJ Bruce DeBerry.

Documents that are subject to filing must continue to be filed with the Commission's Docket Office in a manner consistent with the Commission's requirements for filing. (For example, see Article 2 of the Rules.) Because service

⁵ The service list may be accessed via the following link:

<http://www.cpuc.ca.gov/proceedings/A0505023.htm>

⁶ Each appearance and state service participant included on the service list pursuant to the PHC has an electronic mail address. Paper service is not required on any person in the information only category, even if that individual does not have an electronic mail address.

may be performed electronically, however, parties who do not have ready access to Commission offices where filings are accepted may file pleadings one day after the otherwise applicable due date, provided that service is accomplished on the due date. Parties taking advantage of this authorization shall refer to this Ruling so that the Commission's Docket Office is alerted to the authorization, as failure to do so may result in the filing being rejected. Parties not familiar with the Commission's filing requirements should review all filing requirement Rules.

IX. Procedural Ground Rules

The ground rules set forth in Attachment A are intended to promote an equitable, efficient, and orderly hearing. The ground rules set forth in Attachment A are adopted, although parties may move for modifications or revisions as necessary.

X. Intervenor Compensation

The PHC was held on July 20, 2005. A customer who intends to seek an award of compensation should file and serve a notice of intent to claim compensation no later than 30 days after this PHC. (Pub. Util. Code § 1804(a)(1).)

XI. Principal Hearing Officer

Pursuant to Pub. Util Code § 1701.3, Commissioner John A. Bohn is designated as the Principal Hearing Officer in this proceeding until further ruling.

IT IS RULED that:

1. The categorization of this proceeding is ratesetting for the purposes of Article 2.5 of the Commission's Rules of Practice and Procedure (Rules).
2. *Ex parte* communications are permitted with restrictions, and are subject to reporting requirements. (See, Rules 7(c) and 7.1, and Pub. Util. Code § 1701.3(c).)
3. The record shall include testimony, exhibits, and all filed and served documents.
4. The scope of this proceeding is to establish just and reasonable rates on an overall revenue neutral basis using a revenue requirement determined in other proceedings. The scope includes proposals made, and to be made by parties to this proceeding.
5. Parties shall meet in settlement negotiations on November 14, 2005.
6. Parties shall file and serve a Statement of Contested Facts on January 27, 2006.
7. The scope, issues, and schedule are as set forth in this Ruling unless amended by subsequent Ruling of the Assigned Commissioner.
8. Motions to add, modify or revise the scope, issues or schedule may be made as provided in this Ruling. Responses to such motions shall be within five days unless a different date is set by the Assigned Commissioner.
9. Parties should continue to engage in discovery without delay, shall use the procedures in Resolution ALJ-164 for the purposes of discovery disputes, shall prepare and submit a comparison exhibit as directed by Ruling of the Principal Hearing Officer or the assigned ALJ, and shall use the same outline for briefs.
10. Parties shall follow the procedure stated in this Ruling in making any request for Final Oral Argument.

11. Parties are responsible for notifying the Commission's Process Office and other parties of corrections and changes to the information stated on the official service list, including electronic mail addresses, and ensuring that the information is current and accurate.

12. Parties shall file and serve documents as discussed in this Ruling. Parties shall provide Administrative law Judge (ALJ) Bruce DeBerry a paper copy of all electronically served documents.

13. Commissioner John A. Bohn is the Principal Hearing Officer and Presiding Officer.

Dated August 15, 2005, at San Francisco, California.

/s/ JOHN A. BOHN
John A. Bohn
Assigned Commissioner

ATTACHMENT A PROCEDURAL GROUND RULES

Experienced practitioners are typically familiar with these or similar ground rules. Nonetheless, they are stated here to promote a uniform understand as this proceeding begins.

Burden of Proof and Clarify of Showings

Applicant has the burden of proof. Applicant and all parties must prepare exhibits that are written clearly and concisely. Exhibits should contain references or footnotes to explain sources as necessary. (See, for example, Decision (D.) 92-12-019, 46 CPUC2d 538 at 555 and 764-5; also see D.93-04-056, 49 CPUC2d 72 at 85-88.)

No Surprises

The Commission is able to reach the most well-informed, well-reasoned decision when all parties are allowed to present their best evidence and argument. A Commission proceeding is not the place to use surprise as a litigation tactic.

Direct Testimony

Each party should make its case in its direct testimony. The Commission is not sympathetic to the use of rebuttal and/or cross-examination as a substitute for a poor, weak or absent direct case.

Rebuttal Testimony

Rebuttal testimony must include a specific reference to the testimony being rebutted. It is inappropriate for any party to hold back direct presentations for introduction in rebuttal testimony. Absent good cause, rebuttal testimony may not be used to present evidence that should have been introduced in the party's direct case. Good cause in this case includes updates that each party may make

ATTACHMENT A PROCEDURAL GROUND RULES

based on applicant's update (on or about September 6, 2005) to reflect updated revenue requirements, and any issues raised therein.

Exhibit Format

Parties must follow the requirements for exhibits, including page numbering and a blank space two inches high by four inches wide (generally in the upper right corner) to accommodate the Commission's exhibit stamp. (See Rule 70 of the Commission's Rules of Practice and Procedure.) If necessary for the exhibit stamp or other purpose, please add a cover sheet to the front of the exhibit. If a cover sheet is used, please also state a short title on the cover sheet which generally describes the document. The practice of pre-printing the docket number, a blank line for the exhibit number, and witness names(s) may be followed, but is not a substitute for the required two- by four-inch blank space to accommodate the exhibit stamp.

Exhibits should be bound on the left side or upper left-hand corner. Rubber bands and paper clips are unacceptable. Excerpts from lengthy documents should include the title page and, if necessary for context, the table of contents of the document. While Rule 2 permits a type size of no smaller than 10 points in filed documents, parties are asked to use a type face of no smaller than 12 points wherever practicable.

Exhibit Copies

Parties must provide an adequate number of copies. (See Rule 71.) The original and one copy of each exhibit shall be furnished to the presiding officer, and a copy shall be furnished to the reporter and to each party. The mailed paper copy may substitute for the copy otherwise furnished to the presiding

ATTACHMENT A PROCEDURAL GROUND RULES

officer. Parties are responsible for having sufficient copies available in the hearing room for each party in attendance.

Corrections

The practice of making corrections to exhibits on the witness stand is generally time and resource inefficient. It should be avoided to the extent possible through advance preparation of written errata. Corrections should be made in a timely manner by serving a list of the specific corrections to a previously served proposed exhibit, along with a clean corrected version of the corrected page(s). A “lined-out” or “redlined” corrected page is not required. Each corrected page should be marked with the word “revised” and the revision date, or other marking(s) as necessary to reasonably identify each page as a corrected or changed page. For good cause, but only if necessary, written errata may be brought to the hearing (rather than served before hearing) and distributed before the witness takes the stand. Only as a last resort will errata be taken orally from the witness on the stand. Exhibit corrections will likely receive the same number as the original exhibit plus a letter to identify the correction. For example, Exhibit 5-A is the first correction to Exhibit 5. Minor typographical corrections or wording changes that do not alter the substance or tenor of a document or the relief requested therein need not be made. (Rule 2.6(b).)

Hearing Hours

Hearings will normally run from 9:30 a.m. to noon, and from 1:30 p.m. to 4 p.m., with a 10-minute break each hour. Upon request, and assuming that hearings are on schedule, hearings may be shortened on Fridays.

ATTACHMENT A PROCEDURAL GROUND RULES

Cross-Examination

Cross-examination will be limited to the scope of the testimony or rebuttal testimony and to areas identified as a contested fact. Absent a showing of good cause, “friendly” cross-examination will not be permitted. Also absent good cause, cross-examination shall not be used for discovery. Rather, discovery, along with reasonable clarification of testimony and exhibits, should be undertaken before hearing.

It may be necessary to limit cross-examination time, as well as time for redirect and re-cross-examination. Parties shall prepare an estimate of the time necessary for cross-examination of each witness and provide these estimates no later than the second prehearing conference (i.e., the conference just before hearings begin), or as otherwise directed by the Presiding Officer.

Cross-Examination Exhibits

Providing each witness time to review a new or unfamiliar document during cross-examination is generally an inefficient use of hearing time. As a result, each party intending to introduce an exhibit in the course of cross-examination should provide a copy to the witness and the witness’ counsel before the witness takes the stand with sufficient time for reasonable review of the document.⁷ Parties need not provide advance copies of a document to be

⁷ Parties should make a reasonable effort to provide a copy of such document(s) to the witness and witness’s counsel or representative at least 24 hours before the witness takes the stand in order not to delay the hearing while the witness and counsel review the document(s). For good cause, the time might be reduced to the morning of the day the exhibit is to be introduced.

**ATTACHMENT A
PROCEDURAL GROUND RULES**

used for impeachment, to obtain a spontaneous reaction from the witness, or for other legitimate purpose.

Court Reporters and the Record

The creation of a complete and accurate record is important. To facilitate this goal, common courtesy should be extended to the court reporters and other hearing participants. For example, counsel should wait for the witness to finish his or her answer before asking another question. Similarly, the witness should wait for the whole question to be asked before answering. Counsel shall refrain from simultaneous arguments on motions and objections. Conversations at the counsel table or in the audience can be distracting to the reporter and other participants and should be minimized.

Modifications

For good cause, any party may move to modify these ground rules.

(END OF APPENDIX A)

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail to the parties for whom an electronic mail address has been provided, this day served a true copy of the original attached Scoping Memo and Ruling of Assigned Commissioner on all parties of record in this proceeding or their attorneys of record.

Dated August 15, 2005, at San Francisco, California.

/s/ KE HUANG

Ke Huang

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.